

NATIONAL RAILWAY EQUIPMENT CO.



HOME OFFICE 14400 S ROBESY STREET P. O. BOX 2270 DIXMOOR, ILLINOIS 60426
TELEPHONE (708) 388-6002 FAX (708) 388-2487

July 19, 2007

RECORDATION NO. 25966-A FILED

Hon. Vernon A. Williams
Secretary
Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

JUL 25 '07

11-10 AM

SURFACE TRANSPORTATION BOARD



Attn: Equipment Recordation

To Whom It May Concern:

I have enclosed for recordation, pursuant to the provisions of 49 U.S.C. 11301, an original of the memorandum of lease agreement and a schedule for a locomotive lease agreement dated August 1, 2005, a secondary document under the Board's recordation regulations.

The names and addresses of the parties to the enclosed document are as follows:

Lessor: National Railway Equipment Co.
14400 S. Robey St.
Dixmoor, IL 60426

Lessee: Tennessee Valley Authority
1101 Market Street
Chattanooga, TN 37402

A description of the equipment covered by the Lease Agreement is as follows:

Three GP50 General Purpose Locomotive, bearing road # NREX, 2940, NREX 2924, NREX 2906

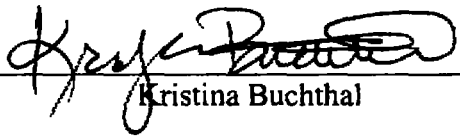
A short summary of the document to appear in the index is as follows:

"Locomotive Lease Agreement"

Also enclosed is a check in the amount of \$35 payable to the Surface Transportation Board to cover the required recordation fee for the attached agreement.

Sincerely Yours,

NATIONAL RAILWAY EQUIPMENT CO.

By: 
Kristina Buchthal

JUL 25 '07

11-10 AM

MEMORANDUM OF LEASE AGREEMENT**SURFACE TRANSPORTATION BOARD**

THIS MEMORANDUM OF LEASE AGREEMENT is made and entered into as of May 22, 2006, by and between NATIONAL RAILWAY EQUIPMENT CO. ("Lessor"), and TENNESSEE VALLEY AUTHORITY ("Lessee"), with reference to the following:

1. Lessor has agreed to lease to Lessee, and Lessee has agreed to lease from Lessor, Locomotive model(s) described herein.

Each locomotive is fully-described in a certain Lease Agreement dated as of May 22, 2006, (together with all of the riders, schedules and other attachments thereto, collectively, the "Lease"), each between Lessor and Lessee. A Schedule of the equipment is attached hereto.

2. The Lease shall be effective as of the date hereof and shall be subject to the term specified in the Lease, and any extension of such term to the extent provided for in the Lease.

The Memorandum of Lease Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one Memorandum of Lease Agreement.

IN WITNESS WHEREOF, the parties hereto have executed or caused this Memorandum of Lease Agreement to be executed as of the date first above written.

LESSEE:**TENNESSEE VALLEY AUTHORITY**

By: Anne D. Morgan

Name: Anne D. Morgan

Title: Procurement Agent

LESSOR:**NATIONAL RAILWAY EQUIPMENT CO.**

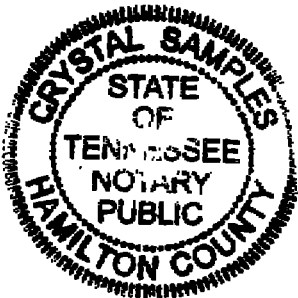
By: James M. Wurtz, Jr.

Name: James M. Wurtz, Jr.

Title: Vice President

STATE OF Tennessee)
COUNTY OF Hamilton) SS.

On this 22 day of May, 2006, before me appeared Ann Morgan the person who signed this instrument who acknowledged that (s) he is the Agent of this Contract and that, being duly authorized, (s) he signed such instrument as a free act on behalf of said corporation.



[Seal]

Crystal Samples
Notary Public

My Commission Expires:

My Commission Expires April 22, 2009

STATE OF Illinois)
COUNTY OF Cook) SS.

On this 1st day of JUNE, 2006, before me appeared James Wente the person who signed this instrument who acknowledged that (s) he is the Vice President of National Packaging Corporation and that, being duly authorized, (s) he signed such instrument as a free act on behalf of said corporation.



[Seal]

Robert E. Loewer, Jr.
Notary Public

My Commission Expires:




SCHEDULE OF EQUIPMENT

Lessor: NATIONAL RAILWAY EQUIPMENT CO.

Lessee: TENNESSEE VALLEY AUTHORITY

Approved by:


(Lessee to initial each page)

Attached to Bill of Sale dated:

Equipment Located at:

National Railway Equipment Co.'s
remanufacturing facility in Silvis, Illinois

Equipment Schedule No.: See Schedule "A"

Manufacturer and/or Vendor
Name & Invoice Number

Equipment
Description

National Railway Equipment Co.

(1) FMD GP-11 Switcher Locomotive
(3) EMD GP-50 Road/Switcher Locomotive

SCHEDULE "A"
ADDENDUM I

Attached to and incorporated into the Lease dated the 1st day of August, 2005 by and between the National Railway Equipment Co. (LESSOR) and Tennessee Valley Authority (LESSEE) is Addendum 1 dated May 22, 2006 inclusive of the addition of three GP50 locomotives and the removal of one GP11 locomotive.

Type and General Description of Locomotive Unit, Marks and Numbers:

UNIT NO.	TYPE	GENERAL DESCRIPTION
NREX 8748	EMD	GP11 General Purpose Locomotive
NREX 8749	EMD	GP11 General Purpose Locomotive

LEASE
TERM
4 MONTHS
37 MONTHS

NREX 8748 shall be removed from billable service as of the effective date December 28, 2006. There will be no applicable early termination penalty for this locomotive pursuant to prior mutual consent and agreement between Lessor and Lessee. NREX 8749 shall remain on lease at the Paradise Fossil Fuel Plant.

Type and General Description of Locomotive Unit, Marks and Numbers:

UNIT NO.	TYPE	GENERAL DESCRIPTION
NREX 2940	EMD	GP50 General Purpose Locomotive
NREX 2924	EMD	GP50 General Purpose Locomotive
NREX 2906	EMD	GP50 General Purpose Locomotive

LEASE
TERM
36 MONTHS
36 MONTHS
36 MONTHS

COMMENCEMENT DATE: NREX 2940 on February 4, 2006

NREX 2924 on March 15, 2006

NREX 2906 on April 14, 2006

TERMINATION DATE: NREX 2940 on February 3, 2009

NREX 2924 on March 14, 2009

NREX 2906 on April 13, 2009

LESSOR: NATIONAL RAILWAY EQUIPMENT CO.

BY: 

NAME: James M. Wurtz, Jr.

TITLE: Vice President

LESSEE: TENNESSEE VALLEY AUTHORITY

BY: 

NAME: Anne D. Morgan

TITLE: Procurement Agent